

Is Conn. in a cannabis ‘arms race’ with Mass.?



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legislators consider replacing the state's potency-based excise tax with a flat rate tax. And lawmakers say those lower prices could help the state compete with the market in Massachusetts.

Meanwhile, north of the border, Massachusetts legislators unanimously passed a bill that would double the legal amount of cannabis flower a person can buy at one time to 2 ounces, double the limit in Connecticut.

Lawmakers in Connecticut say they are keenly aware that many cannabis customers cross state borders for their cannabis needs. With cannabis remaining illegal on a federal level, states have created their own regulatory structures that can significantly impact the success of cannabis businesses — and the resulting tax revenue.

“You could say we're in an arms race. Truly,” said state Rep. David Rutigliano, R-Trumbull. “Massachusetts has far more outlets, far less taxes. They did things a lot differently than we did here in Connecticut.”

That change from a variable tax based on potency of the cannabis to a flat tax is only one of the tweaks Connecticut legislators are considering this year. And State House Majority Leader Jason Rojas, D-East Hartford, said despite some issues that need solving, that shift in cannabis tax structure is likely.

Legislators are also considering a provision that would increase the limits on cannabis potency, another to loosen up the rules around packaging, and another to change the way THC content is calculated.

But Ben Zachs, CEO of Fine Fettle, which has nine cannabis retail outlets and a grow operation in Connecticut, said the tax change would be the most impactful.

“We think that that will lower prices by anywhere from 3 (%) to 11%, which would be huge,” he said. “Connecticut residents go to Massachusetts stores because there's some better pricing, mainly on vapes. ... There's just a lot more variety. There's significantly lower taxes already.”

Fine Fettle also runs cannabis shops in Massachusetts, as does Insa, whose CEO and co-founder Peter Gallagher said allowing people to buy more cannabis at one time would likely encourage customers to head north.

“The popularity of large format flower packages continues to increase, and I think if you give people the option to stock up, I think they’ll take advantage of it,” he said. “There’s going to be a number of customers who just naturally want to buy in bulk, and if they can do that easily, once a month or once a quarter, they’ll gravitate toward that.”

The average price per gram of cannabis in Connecticut has decreased, from a high of \$12.51 in March 2024 to \$7.22 in March 2026, a 42.2% decrease, according to state data. The total sales of recreational cannabis in Connecticut have also increased in that time frame, though not to the same extent. There were \$16 million in total sales in March 2024, and \$18.5 million this March, a 15.6% increase.

Bulk purchases tend to allow better pricing, Gallagher said, so he does expect Massachusetts’ decision to increase the maximum purchase amount to affect sales in Connecticut. But he could not say by how much, or how much Connecticut’s changes would mitigate that.

“The pricing probably remains a little bit more competitive in Mass. than it does in Connecticut,” he said. “There’s a lot of other dynamics to think about as well, so, how big of an impact, or how much it will mitigate? Tough to know.”

Cannabis was legalized for recreational use in 2021, with the first retail outlets opening up in 2023. Rojas said one impetus for the creation of the cannabis market was that other states had been doing the same.

“Part of the energy for legalization in Connecticut had to do with the fact that Massachusetts had done it, and that New York and Rhode Island were both on the verge of it,” he said. “We were kind of surrounded by legalization efforts, what were we going to do? That was part of the motivation.”

Rojas said he believes Massachusetts is also changing its laws to help its cannabis industry better compete against those in other states, as are Rhode Island and New York.

“I think we’re all looking at our individual marketplaces,” he said. “We’re looking at the health of our cannabis economy and weighing it against — more Massachusetts, I think, than Rhode Island in New York for whatever reason — and making all of these policy decisions that ensure that our operators and those that have made an investment in Connecticut can be as successful as possible.”

Rutigliano said he has mixed feelings about the state getting so involved in the cannabis industry. He was against Democrat-led legalization efforts and is concerned about children's access to cannabis, but he said he wants the industry to survive now that it exists and understands that lawmakers play a role in that.

“Why are we so concerned with the health of an industry? They're clearly not concerned with the health of any other industry,” he said. “Just ask restaurants and manufacturing how things are going.”

But Rutigliano said Connecticut is “inherently in competition with surrounding states because Connecticut's so small and we have so many borders.” So, rather than change small issues that impact a single industry, he said he'd rather make structural changes that can help all industries simultaneously.

“The same things that are hindering the cannabis industry hinder all industry. It's Connecticut's tax and regulatory structure,” he said. “If they're concerned about the health of the industry, they should start with how much it costs for them to do business here first.”